

Exhibit 15-Part 3

INNOVATORS

HERMÈS

treatment in procuring one ("We consider all of our clients to be celebrities in their own right," says Chavez), the Birkin bag somehow, over the decades, finds its way onto the arms of the most current set of tastemakers. Beyoncé, Lady Gaga and Kim Kardashian all sport one. And Victoria Beckham is said to have a collection of Birkins worth more than \$2 million. At LVMH the paid celebrity endorsement is an art, from Michelle Williams representing Louis Vuitton bags to Charlize Theron as the face of Dior perfume; at Hermès the perception (and reality) that the A-list is truly its customer proves to be a less expensive, more authentic endorsement.

The velvet rope beckons the rest of us. You won't find a Birkin or Kelly bag online or even in a store. And Hermès says it has done away with its reputed waiting list. "They would probably be seven to ten years," says Chavez. "If you want a bag in lizard or crocodile it could take longer."

Like the most exclusive clubs, membership qualifications are intentionally vague. "There is no specific rule about it," says Dumas. Echoes Chavez: "There's really no system."

Indeed, when I went to the New York City flagship on Madison Avenue to ask about buying a Birkin, I was told there were none in the store.

"When will you get one in?" I asked innocently.

"I couldn't say."

"Could you take my information and let me know when one comes in?"

"We don't do that here."

"I've heard there is a waiting list."

"We don't do that here."

"When was the last time you had a Birkin for sale in the store?"

"I couldn't say."

"I've heard that if I'm a good customer and spend a lot of money, I have a better chance of getting a Birkin."

"We don't do that here."

Short of mega-influence, the only

THE WORLD'S 100 MOST INNOVATIVE COMPANIES

BY JEFF DYER AND HAL GREGERSEN

INNOVATION RANKINGS SHOULDN'T BE a popularity contest with editors throwing darts at the wall. Our method relies on investors' educated hunches as to which firms will continue to create profitable new growth. This is captured in an innovation premium (IP), the difference between a firm's enterprise value and a net present value of cash flows from its existing businesses (based on analysis from Finstra Consulting in collaboration with Innovators DNA and using data and a proprietary valuation model from HOLT, a division of Credit Suisse). This year's list is a diverse stew of luxury goods, retailers, food staples, engineering and IT services. One-quarter of the companies are from Asia, but the U.S. dominates the list. Companies need seven years of public financial data (and \$10 billion in market cap) to make the list, which is why some obvious candidates such as Facebook and Tesla Motors are not on it this year. Spoiler alert: Tesla will likely be number one next year (its IP is 80%) unless it really falls off a cliff over the next five months. We require a threshold of R&D spending so banks don't make the cut. Nor do energy and mining firms, whose market value is tied more to commodity prices than to innovation. One big caveat is that our method does not correlate with subsequent investor returns because today's value already incorporates these expected improvements in financial performance. You can read more about how we measure innovation and what makes good managers bad innovators at forbes.com/innovative-companies.



RANK COMPANY
INDUSTRY / COUNTRY

INNOVATION
PREMIUM

1 SALESFORCE.COM 75.93
SOFTWARE / USA

Salesforce tops the list for the fourth year in a row, partly due to the cloud software seller's ability to retain talent. Of the 500 or so employees at the company a decade ago more than half still remain. What keeps them is the freedom to work on new projects. At yearly internal job fairs, engineers can jump from one gig to another that catches their eye, no questions asked. "They can't look to me for all the answers," CEO Marc Benioff tells FORBES. "I don't have them, and that's not our culture. It's not my role to be the only visionary in town."

2 ALEXION PHARMACEUTICALS 71.43
BIOTECH / USA

Rare diseases continue to pay off for Alexion. Shares are up 62% in the past 12 months on hopes for increased global sales of its Soliris, a treatment for a rare kidney disease. A new treatment called asfotase alfa, for an even rarer bone disorder, just got a new drug application accepted by the European Medicines Agency, and an application to the FDA is said to be close behind. Revenue has more than doubled since 2011.

INNOVATORS

HERMÈS

sure way to get one of the coveted bags is to buy it on the auction market. The appreciation of Hermès bags can be staggering, particularly for the more exotic skins. In 2013 Heritage Auctions sold a collection of Birkins for three to five times the presale estimates. The record for a Birkin was the \$203,150 that a collector paid in 2011 for a red crocodile bag with white-gold-and-diamond detailing. That's mystique at its poshest level.

AXEL DUMAS EVEN ORDERS lunch in a Hermès-kind of way. "I'll have your best steak," he says, paying little mind to the menu, while dining at New York's Capital Grille.

He's talking about what's next for the company. Hermès, which currently has 318 stores on five continents, is opening a new flagship in Shanghai this month (it already has three other *maisons* in that city). And while Dumas is renovating stores in Indonesia, Taiwan and London, next year will carry an American focus, with seven expansions and openings, including a Manhattan perfume store near the World Trade Center and a new location in Miami.

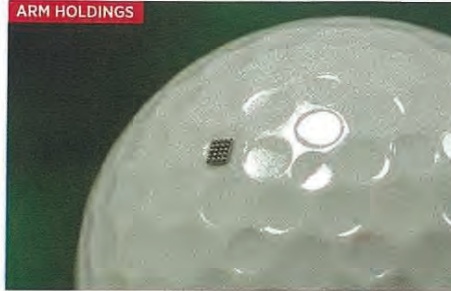
Though Dumas is typically circumspect about many other initiatives, he's willing to guarantee one thing: that Hermès, for all its legal battles, will not wind up succumbing to LVMH. "The mood of the family has always been very strong and very determined," he says. "We are here for the long term."

Could he imagine his son or daughter following in his footsteps at the company? He says that he won't try to persuade them. But he also makes it clear that some member of the seventh generation would be expected to step up and continue the tradition of product excellence and sales sorcery. "I am just the tenant for the next generation." ^F

*Additional reporting by
Hannah Elliott and Arooba Khan.*

THE TOP 100

ARM HOLDINGS

RANK COMPANY
INDUSTRY / COUNTRY INNOVATION
PREMIUM

3 ARM HOLDINGS 65.57
SEMICONDUCTORS / GBR
Its processor designs are already in 95% of all smartphones. Next comes the Internet of Things, for which ARM's low-power Cortex-M0+ design, the width of a human hair, will be the 32-bit brain in smartwatches and embedded sensors.

UNILEVER INDONESIA

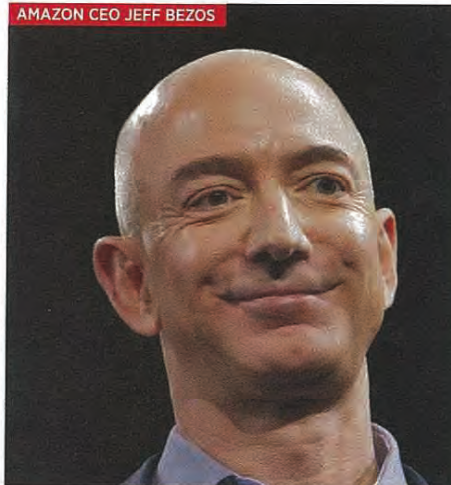


4 UNILEVER INDONESIA 65.13
HOUSEHOLD PRODUCTS / IDN
The subsidiary of the Dutch consumer giant sells brands such as Dove, Rinso and Magnum ice cream, which recently debuted pink and black ice cream bars. The company got 5 million Indonesians to vote for their favorite color. Pink won.

5 REGENERON 64.67
PHARMACEUTICALS / USA
BIOTECH / USA
It's focusing on a new group of antibody drugs for cholesterol, rheumatoid arthritis and asthma that arose from its co-founder's work creating mice that may be better models for human disease.

6 AMAZON.COM 62.36
INTERNET RETAIL / USA
Its R&D spending is up almost fivefold since 2010, while revenue has "merely" tripled. There are few slices of commerce that Amazon doesn't covet.

AMAZON CEO JEFF BEZOS



7 BIOMARIN 58.89
PHARMACEUTICAL
BIOTECH / USA
Its drug Vimizim, a treatment for Morquio A, a disease that afflicts a mere 800 patients in the U.S., went on sale in February at an average wholesale price of \$380,000 per patient per year. Sales are already 60% ahead of estimates.

8 CP ALL PUBLIC 57.80
FOOD RETAILING / THA
The listed division of Thailand's giant CP Group, controlled by billionaire Chearavanont family, operates a highly profitable chain of 6,800 7-Eleven stores.

9 VMWARE 57.62
SOFTWARE / USA
Its software now manages 40 million virtual machines across hundreds of thousands of customers, creating a massive potential market for additional networking and security revenue.

10 ASPEN PHARMACARE 57.13
PHARMACEUTICALS / ZAF
The largest drugmaker in Africa began in a converted house in Durban, South Africa. It sells into more than 150 countries. Revenue is up 33% this year.

CP ALL PUBLIC



TOP 100 CONTINUES ON PAGE 110

7-ELEVEN: GUIDO / ALAMY; AMAZON: DAVID RYDER/GETTY IMAGES; UNILEVER: JOSH ESTEY/BLOOMBERG

SPECIAL INSIDERS ISSUE

THE ULTIMATE GUIDE TO THE BEST Hairstylists • Manicurists • Colorists
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Grabbed Bags

From a GG'd clutch to an FF'd baguette, most accessories of the moment change with the wind. But some handbags weather any storm, surviving on their own merit: Louis Vuitton's accessories pouch can hold a full-size wallet and cell phone yet double as an evening bag. Others earn a following through careful planning: Prada's bowling bag was given to fashion editors at the spring runway show. Some bags are simply so cool, their appeal cannot be explained. Of her denim-and-leather Hermès Birkin bag, Kate Moss admits, "I love it because I love it. I love it because it's genius." —MICHELLE MAGUIRE



PRADA leather
bowling bag, \$870.



HERMÈS canvas-and-
leather Birkin bag, \$5,000.



TOD'S leather
City bag, \$1,300.



LOUIS VUITTON
leather accessories
pouch, \$130.

MULLET OVER

The mullet is no mere haircut. In *The Mullet: Hairstyle of the Gods* (Bloomsbury, \$14.95), Mark Larson and Barney Hoskyns celebrate the short-in-front-long-in-back haircut strand by strand. The book traces the mullet's roots back to the dawn of civilization, suggesting that "depictions of Neanderthal Man...with a short-on-the-top-but-long-and-scraggly-at-the-back do may explain the popularity of 'Ape Drape' as one of the Mullet's many synonyms." (Other aliases for the hairstyle include the Sho-lo, the Shlong, the Mud Flap, the Beaver Paddle, and the Camaro.) The book's most useful—and side-splitting—information comes in the Mall of Fame chapter, which profiles the variety of mullets, from the Nashville (a.k.a. the Achy Breaky) to the Lady Mullet (a.k.a. the Duck and Cover). While the style has come in and out of fashion, Larson predicts it will never completely disappear: "A mullet has the power to raise the ordinary person to extraordinary status." —RORY EVANS



THE LADY MULLET



THE MOVIE STAR



Stink Tank

It's a dirty job, but somebody's got to do it—test deodorant, that is. So when Unilever introduces a new one—most recently, Dove Anti-Perspirant—it relies on what might be called its Armpit Corps of Engineers. "We've never been able to replicate the human nose," explains Judy Rahn, clinical science manager for Unilever. "It's the most sensitive instrument out there." The troops are divided into sniffers, sweaters, and—for lack of a better word—stinkers. The sweaters test wetness by spending 80 minutes in a 100-degree sauna with moisture-collecting pads under their arms. Stinkers test odor after a week without deodorant. Once they've achieved a suitable level of gaminess, the stinkers have their pits judged by the sniffers. The stinkers then start wearing deodorant, checking back to see how well the product is working. Most stinkers welcome the deodorant with open armpits. "You walk into that room and it's pretty stinky," Rahn acknowledges. "We're happy to get them treated." —LINDSY VAN GELDER

For photographers' credits and details, see Credits page.

With the right pieces, you can take along your sense of style, be it ultrafeminine or chicly preppy

Right: Crepe georgette camisole, \$395, skirt, \$1,395; both, Donna Karan. Bags, Hermès.

Far right: Seer-sucker cotton jacket, \$1,050, cotton pants, \$640, hat; all, Giorgio Armani. For details, see Shopping Guide.



275 OBJECTS OF DESIRE, LUXURY, AND STYLE



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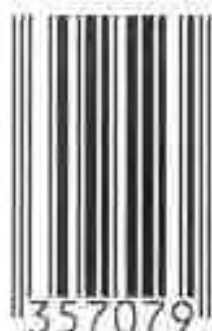
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lastlook

editor: Michelle Sanders

a

s birthday parties go, it was pretty darn swell: The sultan of Brunei threw a shindig to end all shindigs when he celebrated his fiftieth in 1996 with an evening that cost a mere \$25 million. In a similar

spirit of excess, Hermès trumpets the twentieth *anniversaire* of one of its most iconic bags with a new scaled-down version, the Birkin 25. The original *sac* might have been created under relatively humble circumstances—Mme. Serge Gainsbourg needed a bag to tote around Paris whatever hip young Parisiennes needed to tote around in 1984—but baby, look at you now. The 25 is crafted from *braise*-shaded crocodile, with an 18K-white-gold clasp and

padlock that's studded with diamonds totaling nearly six carats. The cost? A cool \$81,000. But, hey, when the party's going this well, who's counting? □

hermès birkin 25



RAYMOND MEIER. Price approximate. Details, see in this issue.

VOGUE MARCH 2004

HERMES_0001256

Plaintiffs' Exhibit 8.0037

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HERMES_0000707

Plaintiffs' Exhibit 8.0038



Tote Couture

If you can stand the wait (about eighteen months), the price (\$5,200 on average for a medium-size one in leather), and the envy it's sure to incur, carrying a handmade Birkin will guarantee you've got true style in the bag. With luxury goods racking up big sales, it's no surprise that the Hermès Birkin tops everyone's wish list right now. Named for actress Jane Birkin (her straw tote was the inspiration, catching the eye of Hermès CEO and Chairman Jean-Louis Dumas when he sat next to her on an airplane in 1984), the hand-stitched carryall comes in a plethora of materials, from leather to lizard to the latest incarnation,

Birkin bags in leather, leather-and-canvas, and Amazonian rubber, Hermès, \$4,350 to \$5,225.

GILLES BENJAMIN



a sleek rubber called Amazonia, harvested from the hevea tree by the Yawanawas tribe of Brazil (think Princess Grace meets Emma Peel). This season, also look for versions sporting cool new silver hardware. After the Kelly bag, the chic-but-practical Birkin, available in three sizes, is Hermès's most popular style, with celebrities and models—including Linda Evangelista and Elle Macpherson—among its high-profile fans. "They're distinctive, roomy, and durable: They last forever," Hermès spokesperson Ellen Niven says when asked to explain their phenomenal appeal. "They have history and character."—HILARY STERNE
At Hermès Boutiques nationwide. For details, see Shopping Guide.—FASHION EDITOR, ELLYN CHESTNUT

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MARCH 2004 HARPERSBAZAR.COM

COVER STORY

268

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NOVEMBER | DECEMBER 2020

DEPARTURES

The Holiday Issue



HERMES_0012687

Plaintiffs' Exhibit 8.0043



Clockwise from top left: **Lady Dior** limited-edition Mai-Thu Perret collaboration bag, \$9,800; Dior boutiques. **Roche Bobois** Apex ottomans, \$1,375 each; roche-bobois.com. **Hermès** Birkin bag, \$20,000; Hermès boutiques. **Bloomist** Zongo baskets, \$120 (top) and \$150; bloomist.com.



Hermès' Deepest Secrets

So you own a \$5000-plus Hermès bag (or wish you did), but how much do you really know about it? Here, 19 untold truths about the most luxurious handbags in the world. By Jennifer Jackson

- 1. The most expensive bag** you can buy is a special-order alligator Kelly with platinum-and-diamond hardware. Cost: over \$30,000.
- 2. The cheapest bag** you can have is an Hermès clutch. Cost: \$750 and up.
- 3. The most ever paid for an Hermès bag?** JFK's briefcase, which sold last March at a Guernsey's auction, in NYC. Cost: \$700,000.
- 4. What is included in the price of an Hermès bag?** Monogramming and yearly minor repairs. A buff-out runs \$75.
- 5. There are over 2600 hand stitches in a Kelly bag.**
- 6. It takes 18 hours to make a Birkin, 13 to make a Kelly.**
- 7. The longest wait recorded for a special order:** five years. It takes an average of 18 months to get a Birkin.
- 8. The Kelly bag was not made for Grace Kelly.** It was introduced in the 1930s as a scaled-down version of Hermès' *sac haut courroies* (saddle bag). In 1956, Kelly was photographed for *Life* magazine carrying one to hide her pregnant stomach, and the waiting list began.
- 9. The Birkin bag was created for Jane Birkin, in 1984.** Jean-Louis Dumas, CEO and chairman of Hermès, sat next to Birkin on a plane. She had a large straw bag to tote around things for her little girl, Charlotte. Birkin and Dumas got to talking and together created the chic carryall that has become Hermès' second most popular bag. (The Kelly is number one.)
- 10. You can supply your own material.** One man asked that a prized hippo skin be made into a backgammon set. No problem, Hermès said. The company has a dream team of eight craftsmen who work on special projects.
- 11. The sturdy, chic Hermès canvas used for Trim and Birkin bags (among others) is actually fire-hose material.**
- 12. The latest, craziest bag material: Amazonia, a rubber** sourced from the hevea tree by the Yawanawas tribe in Brazil.
- 13. The graduating "thesis" for every hopeful Hermès craftsman is the perfect Kelly bag.**
- 14. All reject bags, no matter how small the imperfections, are destroyed.** (Hermès bags don't "fall off trucks.")
- 15. Most handbag craftsmen are women** and are under the age of 30. Most of them own a Kelly, Plume or Sherpa bag.
- 16. You can request a particular craftsman** when you order your bag. (Of course, they're all equally amazing.)
- 17. Want to decode your bag?** Each bag made after 1970 has three marks (stamped inside the strap): one for the workshop (the plain letter); one for the year it was made (boxed letters mean 1997 or later; circled letters date from 1970 to 1996); and one for the person who made it (the number). A damaged bag is returned to the person who made it.
- 18. You can design your own Hermès bag.** A Japanese businessman, Mr. Tanaka, created a piece of luggage to give as presents; Dumas liked the design so much the Tanaka bag is now part of the luggage line. Are you sketching yet?



CHARLES MASTERS; EVANGELISTA: PATRICK MCMULLAN; MOSS: BILL DAVILA/RETNA; OTHERS: COURTESY OF HERMÈS.

HERMES_0000639

Plaintiffs' Exhibit 8.0045